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European Union

Agricultural Situation

EU-Chile Association Agreement

2002

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Report Highlights:

On November 18, 2002, the EU and Chile formally signed an Association Agreement. The trade provisions will enter into force once the Chilean Congress has ratified the Agreement, expected early 2003.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2], E2

EU-CHILE ASSOCIATION AGREEMENT

Background

The EU and Chile concluded the negotiations of the Association Agreement in April 2002 and formally signed the Agreement on November 18, 2002. The provisions on trade, the institutional framework, government procurement, competition and the dispute settlement mechanism will enter into force once the Chilean Congress has ratified the Agreement, expected early 2003. The provisions related to political dialogue, services, capital movements, intellectual property and cooperation require the ratification by both the European Parliament and the EU member states' national parliaments before they can enter into force.

Chile is a major supplier of fresh apples and pears, grapes, kiwis, plums, frozen raspberries, dried fruit, fishery products (incl. fish meal) and wine to the EU. EU custom duties on certain agricultural and processed agricultural products from Chile will be phased out over a 10-year period. Other products will benefit from other forms of preferential treatment including tariff quotas for sensitive products such as meat, cheese, garlic, table grapes, mushrooms, preserved cherries, cereals, sugar confectionery, chocolate, biscuits and fishery products.

EU custom duties on agricultural products originating in Chile listed in Annex I to the Agreement under category "year 0", "year 4", "year 7" and "year 10" will be gradually eliminated using the following timetable:

Percentages of tariff reductions

	Entry into force	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10	1/1/11	1/1/12	1/1/13
Year 0	100%										
Year 4	20%	40%	60%	80%	100%						
Year 7	12.5%	25%	37.5%	50%	62.5%	75%	87.5%	100%			
Year 10	9%	18%	27%	36%	45%	54%	63%	72%	81%	90%	100%

Chilean custom duties on certain agricultural products originating in the EU will also be eliminated over a 10-year period. Chile also granted the EU preferential treatment under tariff quotas for cheese, olive oil and fishery products.

Chilean custom duties on agricultural products from the EU listed in Annex II to the Agreement under category "year 0", "year 5" and "year 10" will be gradually eliminated using the following timetable:

Percentages of tariff reductions

	Entry into force	1/1/04	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10	1/1/11	1/1/12	1/1/13
Year 0	100%										

Year 5	16.7%	33.3%	50%	66.6%	100%						
Year 10	9%	18%	27%	36%	45%	54%	63%	72%	81%	90%	100%

The full text of the Association Agreement between the EU and Chile is available on-line at http://europa.eu.int/comm/external_relations/chile/assoc_agr/agrment.pdf.

The tariff eliminations schedules (Annex I and II) can be downloaded from http://europa.eu.int/comm/external_relations/chile/assoc_agr/text.htm.

The EU-Chile Agreement also includes a Wines and Spirits Agreement that grants mutual respect of protected geographical indications, traditional expressions or complementary quality mentions, and wine-making practices and product specifications. The Wines and Spirits Agreement is available on-line at http://europa.eu.int/comm/external_relations/chile/assoc_agr/9anx_v.pdf.

The EU-Chile Agreement also includes an Agreement on sanitary and phytosanitary measures applicable to trade in animals and animal products, plants, plant products and other goods and animal welfare. The text of this Agreement is available on-line at http://europa.eu.int/comm/external_relations/chile/assoc_agr/anx_iv.pdf.

Trade Statistics

Product	JANUARY - DECEMBER 2001 - Metric Tons		
	EU Imports from Chile	EU Exports to Chile	US Exports to Chile
Live animals	40	26	182,632
Meat	7,520	179	3,817
Fish	76,008	194	144
Dairy	4,520	1,518	901
Animal products	6,388	962	142
Live trees	1,661	754	0
Vegetables (fresh)	34,176	406	1,566
Fruit (fresh)	381,967	220	1,449
Coffee, tea, spices	268	187	66
Cereals	8,870	10,664	52,797
Milling products	123	19,913	1,229
Oilseeds	14,903	595	1,007
Lac, gums, resins	1,097	262	368
Vegetable plaiting	514	4	120
Fats & Oils	5,763	5,022	5,242

Meat & Fish preparations	13,738	304	253
Sugar & Confectionery	24	32,176	1,406
Cocoa & Cocoa products	20	1,821	583
Cereal preparations, flour & starch	64	4,751	1,701
Vegetable & Fruit preparations	3,016	5,480	1,102
Misc. edible preparations	705	3,603	2,470
Beverages	136,964	5,466	531
Residues & waste	94,297	4,672	96,163
Tobacco	95	491	209
Total	792,741	99,670	172,733

Source(s): Eurostat, U.S. Census Bureau

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Related reports from USEU Brussels:

Report Number	Title	Date released
E22049	EU-Chile Association Agreement	May 3, 2002
E21089	EU Proposals to Mercosur and Chile	July 19, 2001
E22110	EU-Lebanon Association Agreement	November 15, 2002